



Montana
Office of Public Instruction
Denise Juneau, State Superintendent

opi.mt.gov

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To: District Clerks/Business Managers, District Superintendents
From: Adam Anfinson, Financial Specialist
School Finance Division
Date: April 16, 2010
Subject: Announcing the 2nd application period for Qualified School Construction Bonds (QSCBs)

Background Information on Qualified School Construction Bonds (QSCBs)

The American Recovery and Reinvestment Act (ARRA) of 2009 made available for the first time a new type of tax-credit bond, called Qualified School Construction Bonds (QSCBs). QSCBs are bonds the Federal Government subsidizes by allowing bondholders to receive tax credits that are approximately equal to the interest that would typically be paid to the holder of taxable bonds. As a result, issuers are generally responsible for repayment of the principal only. A letter from the Department of Education regarding this program can be read at <http://www.ed.gov/policy/gen/guid/secletter/090529.html>.

For a QSCB that is issued by a local government where a public school is located, 100 percent of available project proceeds must be used for the construction, rehabilitation, or repair of the public school facility. In addition, a portion of the proceeds of such a bond may be used for the acquisition of land on which a public school facility is to be constructed.

Please note that an approved QSCB request **does not result in any payment** from the Montana Office of Public Instruction (OPI) to an applicant school district. An approved allocation request allows a school district to designate a future bond issuance as a QSCB, which allows the school district to benefit from the reduced interest costs.

Application Process

The 2nd application period for QSCBs is now open. Completed applications must be received by the OPI no later than **May 14, 2010** in order to be considered. Applications are limited to those districts that did not submit applications during the first QSCB application period. Districts will be informed of any approved allocation requests by May 18, 2010.

The OPI held an application period last summer and the amount of requested QSCB allocations were well above the amount OPI was authorized to allocate. The Federal Government recently published the 2010 QSCB allocations. After awarding QSCB authorization to applicants who were not funded during round 1, the OPI has \$4,181,000 in remaining QSCB authority to immediately allocate to Montana school districts.

The Montana Office of Public Instruction provides vision, advocacy, support, and leadership for schools and communities to ensure that all students meet today's challenges and tomorrow's opportunities.

One of the goals of the ARRA is to stimulate the economy, and as a result, QSCB authority will be allocated to school districts that will be able to quickly utilize the program. The OPI has selected criteria that we believe are most likely to result in the successful sale of QSCBs. Priority for application approval will be applied in the order shown below.

1. District has available debt capacity to support requested QSCB allocation request.
2. District has already received voter approval to issue bonds, and would like to designate those bonds as QSCBs.
3. District intends to issue without the need for voter approval (must indicate this on application and describe how the debt obligation will be funded).
4. Districts with the earliest election date indicated on the application.

The QSCB program has shown high demand across Montana school districts. When applying criteria #4, QSCB allocations are approved based on the election date indicated on the application, therefore applicants will be held to that election date. If a school district chooses to reschedule an election to a later date than is indicated in the application, it is possible that the QSCB authorization would be forfeited and awarded to a school district which had indicated an earlier date on its application. Additionally, if the proposition is not approved by the district voters, the QSCB authorization will be forfeited and awarded to another applicant school district.

In the event that an awarded QSCB authorization is forfeited, The OPI will then contact applicants in order of the election date that was indicated on the application. If the district would still like to utilize the QSCB program, a QSCB allocation will be made available.

The application is included on the following two pages. If interested, please complete the application and submit to the OPI no later than **May 14, 2010**. Please read the application carefully to take note of specific requirements of the program, as well as limitations on the amount of authority your district is able to request.

If you have any questions regarding this program, please contact me at (406)-444-4524, or by e-mail at aanfinson@mt.gov.



Adam Anfinson
Financial Specialist



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**QUALIFIED SCHOOL CONSTRUCTION
BOND PROGRAM ALLOCATION
REQUEST APPLICATION – ROUND 2**

Completed applications must be received by the Montana Office of Public Instruction by **May 14, 2010** in order to be considered. Districts will be informed of any approved Qualified School Construction Bond (QSCB) allocation requests by May 18, 2010.

District Name	Contact Person for QSCB Questions
Address	Title
City State ZIP	Telephone
Date of Submission	E-Mail
Date the district received voter approval to issue bonds?	If election not yet held, when is the anticipated election date?
Financial Advisor Firm and Contact Person	Bond Counsel Firm and Contact Person

PROGRAM CONSIDERATIONS

It is the sole responsibility of the above named applicant to ensure that all regulations regarding QSCBs are followed.

The applicant, bidders, and contractors must follow the prevailing wage requirements of the Federal Davis-Bacon Act.

QSCB bond revenue and expenditures must be tracked and reported as required by the American Recovery and Reinvestment Act (ARRA).

AMOUNT OF AUTHORIZATION REQUESTED
\$5 MILLION MAXIMUM

- 100 percent of the available project proceeds must be used for construction, rehabilitation, or repair of a public school facility or for land acquisition for the public school facility.
- Ten percent of the available project proceeds must be spent within six months after issuance of the bonds, and 100 percent of the proceeds must be spent within three years of issuance.

\$ _____
Amount of QSCB Request

\$ _____
Remaining Debt Capacity before QSCB Request

ASSURANCES

I certify that this project will be administered in compliance with the criteria contained in this application, with state and federal laws and regulations applicable to the use of any QSCB proceeds. I certify that the information in this application is accurate and complete to the best of my knowledge, and that the Governing Board of the above named applicant has authorized me to sign this application on its behalf.

Signature
Designated Contact Person

Signature
Superintendent
Principal (if there is no Superintendent)
County Superintendent (if no Superintendent or Principal)

Mail Application To:

Adam Anfinson
Financial Specialist
Montana Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

Contact Information:

Telephone: (406) 444-4524
E-mail: aanfinson@mt.gov
Fax: (406) 444-0509

Montana Office of Public Instruction Use Only

Request for allocation of Qualified School Construction Bonds approved this _____ day of _____, 20____, in the amount of \$_____.

Request approved by _____.